

TAX CREDIT ANALYSIS

Program Name: Quality Jobs																													
Department: Economic Development		Contact Name & No.: Brenda Horstman 751-3713		Date: October, 2011																									
Program Category: Business Recruitment			Type: Tax Credit <input checked="" type="checkbox"/> Other (specify) Also retention of withholding tax of new jobs																										
Statutory Authority: 620.1875 to 620.1890, RSMo			Applicable Taxes: Income tax, Bank tax, Insurance premium tax, Other financial institutions tax																										
Program Description and Eligibility Requirements: For-profit and non-profit businesses except for gambling, retail trade, food and drinking places, public utilities, educational services, religious organizations, public administration, companies that are delinquent in non-protested taxes or other payments, or any company that has filed for or has publicly announced its intention to file for bankruptcy are eligible provided the average wage of the new jobs equals or exceeds the county average wage and the company offers health insurance and pays at least 50% of the premium. To qualify, the company must create a minimum number of new jobs at the project facility within 2 years.																													
Explanation of How Award is Computed: Entitlement <input checked="" type="checkbox"/> Discretionary <input type="checkbox"/> The benefits of the program are the retention of 100% of the state withholding tax of the new jobs for 3 or 5 years for small/expanding businesses (20+ new jobs in rural areas and 40+ new jobs in non-rural areas); or a combination of the retention of 100% of the state withholding tax of the new jobs and state tax credits for 5 years for technology businesses (10+ new jobs) and high impact businesses (100+ new jobs), based on a percentage (from 3 to 7%, depending on the average wage of the new jobs and the amount of local incentives) of the payroll of the new jobs.																													
Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ 80 million _____ None _____ Explanation of cap: The cap increased from \$40 million to \$60 million in tax credits beginning Aug. 2008. The cap increased to \$80 million beginning June 4, 2009 . Up to \$3 million of the cap may be used for job retention projects approved by the Quality Jobs Advisory Task Force, with no tax credits issued after August 30, 2013. Up to \$500,000 of the cap may be used for small business job retention and flood relief projects, with no tax credits approved after August 30, 2010. The tax credit maximums applying to technology and high impact business projects were removed for newly approved projects as of June 4, 2009. There is no limit on the retention of withholding taxes.																													
Explanation of Expiration of Authority: No tax credits shall be issued for job retention projects approved after August 30, 2013. No tax credits shall be issued for small business job retention and flood relief projects approved after August 30, 2010.																													
Specific Provisions: (if applicable) Carry forward _____ years Carry Back _____ years Refundable <input checked="" type="checkbox"/> Sellable/Assignable <input checked="" type="checkbox"/> Additional Federal Deductions Available _____																													
Comments on Specific Provisions:																													
	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)																								
Certificates Issued (#)	22	38	44	50	60																								
Projects (#)	51	46	57	65	70																								
Amount Authorized	\$38,375,724	\$57,057,508	\$59,914,412	\$60,000,000	\$65,000,000																								
Amount Issued	\$11,348,054	\$14,863,017	\$28,099,496	\$46,700,000	\$48,200,000																								
Amount Redeemed	\$6,203,572	\$14,238,179	\$27,936,799	\$44,365,000	\$45,790,000																								
EST. Amount Outstanding	N/A	N/A	\$1,221,665	N/A	N/A																								
EST. Amount Authorized but Unissued	N/A	N/A	\$292,816,850	N/A	N/A																								
HISTORICAL AND PROJECTED INFORMATION																													
<table border="1" style="margin-top: 10px; width: 100%; border-collapse: collapse;"> <caption>Historical and Projected Information Data</caption> <thead> <tr> <th>Category</th> <th>FY 2009</th> <th>FY 2010</th> <th>FY 2011</th> <th>FY 2012</th> <th>FY 2013</th> </tr> </thead> <tbody> <tr> <td>Amount Authorized</td> <td>\$38,375,724</td> <td>\$57,057,508</td> <td>\$59,914,412</td> <td>\$60,000,000</td> <td>\$65,000,000</td> </tr> <tr> <td>Amount Issued</td> <td>\$11,348,054</td> <td>\$14,863,017</td> <td>\$28,099,496</td> <td>\$46,700,000</td> <td>\$48,200,000</td> </tr> <tr> <td>Amount Redeemed</td> <td>\$6,203,572</td> <td>\$14,238,179</td> <td>\$27,936,799</td> <td>\$44,365,000</td> <td>\$45,790,000</td> </tr> </tbody> </table>						Category	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Amount Authorized	\$38,375,724	\$57,057,508	\$59,914,412	\$60,000,000	\$65,000,000	Amount Issued	\$11,348,054	\$14,863,017	\$28,099,496	\$46,700,000	\$48,200,000	Amount Redeemed	\$6,203,572	\$14,238,179	\$27,936,799	\$44,365,000	\$45,790,000
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Comments on Historical and Projected Information: 																													

TAX CREDIT ANALYSIS

Program Name: Quality Jobs

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (10 years)
BENEFITS		
Direct Fiscal Benefits	\$24,229,627	\$180,366,191
Indirect Fiscal Benefits	\$12,353,294	\$91,958,354
Total	\$36,582,921	\$272,324,545
COSTS		
Direct Fiscal Costs	\$11,917,111	\$57,060,623
Indirect Fiscal Costs	\$0	\$0
Total	\$11,917,111	\$57,060,623
BENEFIT: COST	3.07	4.77

Derivation of Benefits

Investment: (a) \$484,033,838 in non-residential investment spending in 2011.

Employment: (a) 4,838 new jobs (0 displaced) in various MQJ industries at average industry wages between 2011-2020.

Other Assumptions: (a) real income growth begins in 2012.

Incentives/Credits: (a) \$59,585,554 in authorized QJ tax credits, redeemed between 2011-2015. Impacts occur in the Statewide Region. Assumptions provided by DED. Estimated using REMI-PI+Statewide Model (remi-fiscal-PI+aug11).

The multi-year fiscal Benefit-Cost Ratio is 4.34 when other program incentives are included.

Other Benefits:

In FY-2011, every dollar of authorized program tax credits returns

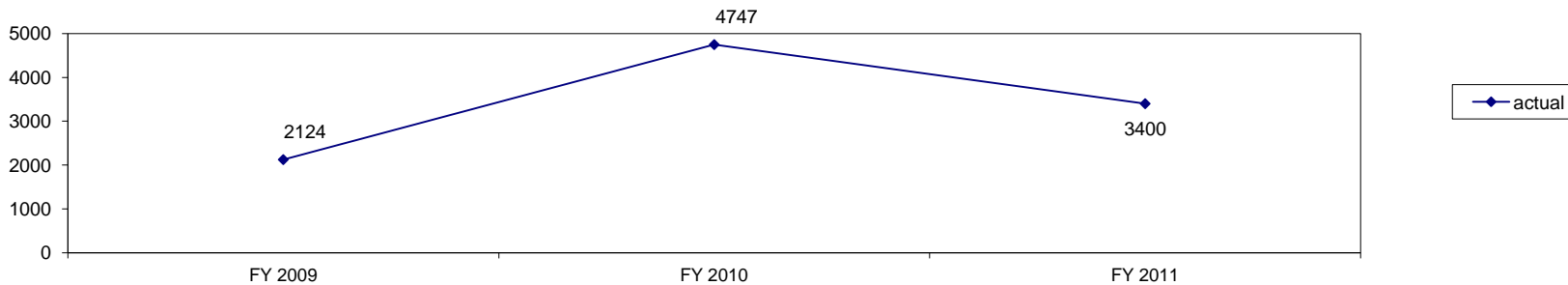
\$53.12 in new personal income totaling	\$633.00 million
\$110.41 in new value-added/GSP totaling	\$1,315.80 million
\$217.19 in new economic output totaling	\$2,588.24 million

Over 10 YEARS, every dollar of authorized program tax credits returns

\$101.64 in new personal income totaling	\$5,799.72 million
\$204.24 in new value added/GSP totaling	\$11,654.08 million
\$407.89 in new economic output totaling	\$23,274.43 million

PERFORMANCE MEASURE(S)

Permanent New Jobs Created Over the Previous Year



Comments on Performance Measure: